

BANK INDONESIA REGULATION  
NUMBER: 6/30/PBI/2004  
CONCERNING  
OPERATION OF CARD-BASED PAYMENT INSTRUMENT ACTIVITIES

THE GOVERNOR OF BANK INDONESIA,

Considering : a. whereas the operation of Card-Based Payment Instrument activities by Banks or Non-Bank Institutions has undergone remarkable growth and so far there is no regulation in place for operation of these Card-Based Payment Instrument activities;

b. now therefore to provide legal certainty for the operation of Card-Based Payment Instrument activities, it is deemed necessary to enact legal provisions concerning the operation of Card-Based Payment Instrument activities in a Bank Indonesia Regulation;

In view of : 1. Act Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia Number 31 of 1992, Supplement to the State Gazette of the Republic of Indonesia Number 3472), as amended by Act Number 10 of 1998 (State Gazette of the Republic of Indonesia Number 182 of 1998, Supplement to the State Gazette of the Republic of Indonesia Number 3790);

2. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 66 of 1999, Supplement to the State Gazette of the Republic of Indonesia Number 3843) as amended by Act Number 3 of 2004 (State Gazette of the Republic of Indonesia Number 7 of 2004, Supplement to the State Gazette of the Republic of Indonesia Number 4357);

HAS DECREED :

To enact : THE BANK INDONESIA REGULATION  
CONCERNING OPERATION OF CARD-BASED  
PAYMENT INSTRUMENT ACTIVITIES.

## CHAPTER I GENERAL PROVISIONS

### Article 1

The terminology used in this Bank Indonesia Regulation has the following meanings:

1. “Bank” is a Commercial Bank and Rural Bank as defined in Act Number 7 of 1992 concerning Banking, as amended by Act Number 10 of 1998, also including any branch office of a foreign bank.
2. “Non-Bank Institution” is a legal entity established pursuant to the laws of Indonesia, or a legal entity with its head office domiciled outside Indonesia,

conducting ...

conducting activities pertaining to Card-Based Payment Instruments in Indonesia.

3. “Card-Based Payment Instrument” is a payment instrument in the form of Credit Card, Automated Teller Machine (ATM) Card, Debit Card, Prepaid Card, and/or equivalent.
4. “Credit Card” is a Card-Based Payment Instrument that may be used to execute payment of an obligation incurred in an economic activity, including purchase transaction and/or cash withdrawal in which the payment obligation of the Cardholder is settled in advance by the Issuer of Acquirer and the Cardholder is required to pay the payment obligation at an agreed term in a single payment or in installments.
5. “ATM Card” is Card-Based Payment Instrument that may be used for cash withdrawal and/or funds transfer in which the obligation of the Cardholder is settled in real time by immediate debit of the Cardholder’s deposit at a Bank or Non-Bank Institution approved to accept deposit funds.
6. “Debit Card” is a Card-Based Payment Instrument that may be used to execute payment of an obligation incurred in an economic activity, including purchase transaction, cash withdrawal, and/or funds transfer, in which the obligation of the Cardholder is settled in real time by immediate debit of the Cardholder’s deposit at a Bank or Non-Bank Institution approved to accept deposit funds.
7. “Prepaid Card” is a Card-Based Payment Instrument that may be used to execute payment of an obligation incurred in an economic activity, including purchase transaction, cash withdrawal, and/or funds transfer, in which the Cardholder has paid a certain amount of funds in advance to the Issuer and the obligation of the Cardholder is settled in real time by immediate deduction from the value of these funds.

8. “Cardholder” is the rightful user of a Card-Based Payment Instrument.
9. “Operator” is a Bank or Non-Bank Institution conducting Card-Based Payment Instrument activities, whether as Principal, Issuer, and/or Acquirer.
10. “Principal” is a Bank or Non-Bank Institution comprising the sole owner of brand rights in Card-Based Payment Instrument activities.
11. “Issuer” is a Bank or Non-Bank Institution issuing Card-Based Payment Instruments for Cardholders using a particular brand with approval from the Principal.
12. “Acquirer” is a Bank or Non-Bank Institution conducting Card-Based Payment Instrument activities and may comprise a Financial Acquirer and/or Technical Acquirer.
13. “Financial Acquirer” is an Acquirer that advances payment for transactions conducted by Cardholders with merchants of goods and/or services.
14. “Technical Acquirer” is an Acquirer providing the necessary means for processing of Card-Based Payment Instruments pursuant to an agreement with merchants of goods and/or services.

## CHAPTER II

### APPROVAL FOR OPERATION OF ACTIVITIES

#### Part One

#### Principals

#### Article 2

- (1) Principals in the operation of Card-Based Payment Instrument activities consist of:

a. Special ...

- a. Special principal, namely a Principal whose brand rights are used only by the Principal concerned and who acts simultaneously as Issuer and/or Acquirer.
  - b. General principal, namely:
    - 1) Principal whose brand rights are not only used by the Principal concerned, but also by other Issuers pursuant to a written agreement;  
or
    - 2) Principal whose brand rights are used by other Issuers pursuant to a written agreement.
- (2) The function of general principal as referred to in paragraph (1) letter b may be exercised only by a Non-Bank Institution.

### Article 3

A Bank or Non-Bank Institution intending to act as Principal as referred to in Article 2 must notify Bank Indonesia in writing of its planned activities.

### Article 4

- (1) Bank Indonesia may enter into cooperation with Principals in order to enhance the security and smooth operation of Card-Based Payment Instrument activities.
- (2) A Principal shall suspend a brand use agreement with an Issuer if Bank Indonesia orders the Issuer to suspend activities under the sanctions stipulated in this Bank Indonesia Regulation.

Part Two

Issuers

Article 5

- (1) Non-Bank Institutions eligible to act as Credit Card Issuers are Non-Bank Institutions licensed by the Ministry of Finance of the Republic of Indonesia to conduct Credit Card activities.
- (2) Non-Bank Institutions eligible to act as Issuers of ATM Cards, Debit Cards, and/or Prepaid Cards are Non-Bank Institutions authorized to accept deposit funds from the public pursuant to the legal provisions governing those Non-Bank Institutions.

Article 6

- (1) A Bank or Non-Bank Institution intending to act as Issuer is required to obtain approval from Bank Indonesia.
- (2) To obtain approval as referred to in paragraph (1), the Bank or Non-Bank Institution must submit a written application to Bank Indonesia.
- (3) Application as referred to in paragraph (2) shall be supported by the following documents:
  - a. Bank
    - 1) Business plan of the Bank, stating the planned activities of the Bank as Issuer;
    - 2) Business analysis of Card-Based Payment Instrument activities to be conducted for the coming 1 (one) year;
    - 3) Evidence of readiness of legal instruments;
    - 4) Evidence of readiness for application of risk management; and

- 5) Evidence of operational readiness.
- b. Non-Bank Institution
- 1) Photocopy of deed of incorporation legally approved by the competent agency or photocopy of deed of incorporation for Non-Bank Institution having its Head Office domiciled outside Indonesia, legally approved by the competent authority;
  - 2) Business analysis of Card-Based Payment Instrument activities to be conducted for the coming 1 (one) year;
  - 3) Evidence of readiness of legal instruments;
  - 4) Evidence of readiness for application of risk management; and
  - 5) Evidence of operational readiness.
- (4) If the Issuer works in cooperation with a Technical Acquirer, the Issuer must request the Technical Acquirer to report its activities to Bank Indonesia.
- (5) If a Technical Acquirer as referred to in paragraph (4) is a Technical Acquirer legally incorporated in Indonesia or domiciled in Indonesia, the Issuer shall in addition to complying with the provisions referred to in paragraph (2), paragraph (3), and paragraph (4) also request the Technical Acquirer to meet system security testing standards on the basis of examination conducted by an independent security auditor.

## Article 7

- (1) Approval or rejection of application to become Issuer shall be issued no later than 60 (sixty) working days after receipt of the complete application for approval and documents as referred to in Article 6 paragraph (3) by Bank Indonesia.

- (2) If the Bank or Non-Bank Institution approved as Issuer commences activities within a period of 60 (sixty) working days after the date of approval as referred to in paragraph (1), the Bank or Non-Bank Institution shall inform Bank Indonesia in writing of the commencement of activities as Issuer no later than 10 (ten) working days after the date of commencement of these activities.
- (3) If the Bank or Non-Bank Institution approved to become Issuer does not commence activities within a period of 60 (sixty) working days after the date of approval as referred to in paragraph (1), the Bank or Non-Bank Institution shall inform Bank Indonesia in writing of the reason for inability to commence activities and the planned time for commencement of operation no later than 10 (ten) working days after the expiration of the 60 (sixty) working day period.
- (4) If the Issuer does not report activities as referred to in paragraph (2) and/or a condition exists as referred to in paragraph (3), Bank Indonesia shall determine the subsequent actions that must be taken by that Bank or Non-Bank Institution.

## Article 8

- (1) Bank Indonesia reserves the right to:
  - a. delay approval as referred to in Article 7 paragraph (1) if in the opinion of Bank Indonesia, the Bank or Non-Bank Institution is unable to act as Issuer for a temporary period; or

b. cancel ...



- b. cancel approval as referred to in Article 7 paragraph (1) if in the opinion of Bank Indonesia, the Bank or Non-Bank Institution is unable to act as Issuer.
- (2) Delay or cancellation of approval by Bank Indonesia as referred to in paragraph (1), among others, shall be based on:
  - a. deteriorating financial condition of the Bank; or
  - b. recommendation from the supervisory authority of the Non-Bank Institution to delay or cancel approval previously issued to the Non-Bank Institution to operate as Issuer.
- (3) If Bank Indonesia delays approval as referred to in paragraph (1) letter a, activities as Issuer may proceed after written notification from Bank Indonesia.

## Article 9

- (1) Approval issued by Bank Indonesia to a Bank or Non-Bank Institution as referred to in Article 7 paragraph (1) shall not bind any Principal to approve use of its brand by that Bank or Non-Bank Institution.
- (2) In issuing approval to a Bank or Non-Bank Institution as referred to in paragraph (1), a Principal may stipulate other terms and conditions outside the scope of the terms and conditions stipulated in this Bank Indonesia Regulation.

Part Three

Acquirers

Article 10

Non-Bank Institutions eligible to act as Financial Acquirers are Non-Bank Institutions empowered to conduct lending or financing activities pursuant to the legal provisions governing the Non-Bank Institution.

Article 11

An Issuer intending to conduct activities as Acquirer must inform Bank Indonesia of the planned activities as Acquirer.

Article 12

- (1) A Bank or Non-Bank Institution intending to act as Financial Acquirer is required to obtain approval from Bank Indonesia.
- (2) To obtain approval as referred to in paragraph (1), the Bank or Non-Bank Institution shall submit a written application to Bank Indonesia.
- (3) Application as referred to in paragraph (2) shall be supported by the following documents:
  - a. Bank
    - 1) Business plan of the Bank, stating the planned activities of the Bank as Financial Acquirer;
    - 2) Business analysis of Card-Based Payment Instrument activities to be conducted for the coming 1 (one) year;
    - 3) Evidence of readiness of legal instruments;

4) Evidence ...

- 4) Evidence of readiness for application of risk management; and
- 5) Evidence of operational readiness.

b. Non-Bank Institution

- 1) Photocopy of deed of incorporation legally approved by the competent agency or photocopy of deed of incorporation for Non-Bank Institution with Head Office domiciled outside Indonesia, legally approved by the competent authority;
  - 2) Business analysis of Card-Based Payment Instrument activities to be conducted for the coming 1 (one) year;
  - 3) Evidence of readiness of legal instruments;
  - 4) Evidence of readiness for application of risk management; and
  - 5) Evidence of operational readiness.
- (4) If a Financial Acquirer as referred to in paragraph (1) works in cooperation with a Technical Acquirer, the Financial Acquirer must request the Technical Acquirer to report its activities to Bank Indonesia.
- (5) If a Technical Acquirer as referred to in paragraph (4) is a Technical Acquirer legally incorporated in Indonesia or domiciled in Indonesia, the Financial Acquirer shall in addition to complying with the provisions referred to in paragraph (2), paragraph (3), and paragraph (4) also request the Technical Acquirer to meet system security test standards on the basis of examination conducted by an independent security auditor.

Article 13

- (1) Approval or rejection of application to become Financial Acquirer shall be issued no later than 60 (sixty) working days after receipt by Bank Indonesia

of the complete application for approval, enclosing documents as referred to in Article 12 paragraph (3).

- (2) If the Bank or Non-Bank Institution approved to become Financial Acquirer commences activity within a period of 60 (sixty) working days after the date of approval as referred to in paragraph (1), the Bank or Non-Bank Institution shall inform Bank Indonesia in writing of the commencement of activity as Financial Acquirer no later than 10 (ten) working days after the date of commencement of the activity.
- (3) If the Bank or Non-Bank Institution approved to become Financial Acquirer does not commence activity within a period of 60 (sixty) working days after the date of approval as referred to in paragraph (1), the Bank or Non-Bank Institution shall inform Bank Indonesia in writing of the reason for inability to commence the activity and the planned time for commencement of operations no later than 10 (ten) working days after expiration of the 60 (sixty) working day period.
- (4) If the Financial Acquirer does not report activity as referred to in paragraph (2) and/or a condition arises as referred to in paragraph (3), Bank Indonesia shall determine the subsequent actions that must be taken by that Bank or Non-Bank Institution.

#### Article 14

- (1) Bank Indonesia reserves the right to:
  - a. delay approval as referred to in Article 13 paragraph (1) if in the opinion of Bank Indonesia, the Bank or Non-Bank Institution is unable to act as Financial Acquirer for a temporary period; or

b. cancel ...

- b. cancel approval as referred to in Article 13 paragraph (1) if in the opinion of Bank Indonesia, the Bank or Non-Bank Institution is unable to act as Financial Acquirer.
- (2) Delay or cancellation of approval by Bank Indonesia as referred to in paragraph (1) shall be based, among others, on:
- a. deteriorating financial condition of the Bank; or
  - b. recommendation from the supervisory authority of the Non-Bank Institution to delay or cancel approval previously issued to the Non-Bank Institution to operate as Financial Acquirer.
- (3) If Bank Indonesia delays approval as referred to in paragraph (1) letter a, activities as Financial Acquirer may proceed after written notification from Bank Indonesia.

### CHAPTER III

#### OPERATION OF ACTIVITIES

##### Part One

##### Credit Cards

##### Article 15

- (1) A Credit Card may only be issued by an Issuer pursuant to written application from a prospective Cardholder.
- (2) Any departure from the provisions of paragraph (1) shall be permitted only on a selective basis, pursuant to the terms and conditions stipulated in the internal regulations of the Issuer concerned.

Article 16

- (1) In issuing Credit Cards, Issuers are required to apply risk management in compliance with the Bank Indonesia provisions concerning risk management.
- (2) In addition to meeting the requirements referred to in paragraph (1), Issuers are also required to apply credit risk management covering at least the following:
  - a. establishment of minimum age for prospective Cardholders;
  - b. establishment of minimum income for prospective Cardholders;
  - c. establishment of maximum credit limit for prospective Cardholders;
  - d. establishment of percentage of minimum payment by Cardholders amounting to at least 10% (ten percent) of the total bill; and
  - e. procedure for issuing approval for prospective Cardholders.
- (3) In the event that a prospective Cardholder does not meet the provisions referred to in paragraph (2) letter b, notwithstanding for certain reasons the Issuer deems a prospective Cardholder eligible for approval, the Issuer may issue the Credit Card to the prospective Cardholder insofar as the Issuer has special risk management for such condition.
- (4) Bank Indonesia may stipulate the minimum age, minimum income, and/or maximum credit limit as referred to paragraph (2) letter a, letter b, and/or letter c.
- (5) Establishment of provisions referred to in paragraph (4) and any amendment to the stipulated percentage of minimum payment as referred to in paragraph (2) letter b shall be stipulated in a Circular Letter of Bank Indonesia.

## Article 17

- (1) Issuers are required to provide written information to Cardholders concerning at least the following:
  - a. procedures and use of the Credit Card, facilities included with the Credit Card, and risks that may arise from use of the Credit Card;
  - b. rights and obligations of the Cardholder;
  - c. complaint procedure for issued Credit Cards and estimated time for dealing with these complaints;
  - d. components in calculation of interest;
  - e. components in calculation of penalties; and
  - f. types and amounts of administration charges.
- (2) Issuers are required to state at least the following information on credit card billing statements delivered to Cardholders:
  - a. amount of minimum payment to be made by the Cardholder;
  - b. due date of payment;
  - c. monthly percentage rate of interest and annual percentage rate for concluded transactions, including interest on purchases of goods or services, cash advances, and other benefits of the Credit card if different levels of interest are charged on these transactions;
  - d. amount of penalty for late payment by the Cardholder; and
  - e. amount of interest charged.
- (3) Information as referred to in paragraph (1) and paragraph (2) shall be conveyed again in writing to the Cardholder upon any change in that information.

#### Article 18

- (1) If an Issuer calculates interest and/or penalties incurred from Credit Card transactions, the interest and/or penalties shall be calculated in accordance with the Bank Indonesia provisions concerning earning assets quality and the applicable financial accounting standards.
- (2) In calculating interest on Credit Card transactions, Issuers are required to apply principles of fairness and reasonableness, including but not limited to not applying the value of pending transactions as a component in calculation of interest.

#### Article 19

Issuers are prohibited from the following actions:

- a. providing facilities with impact in additional costs; and/or
- b. providing other facilities outside the Credit Card function, to any Cardholder without written consent from the Cardholder.

#### Article 20

- (1) Issuers are required to exchange Cardholder information and data with all other Issuers, with scope covering the negative list and/or positive list.
- (2) Exchange of information as referred to in paragraph (1) shall take place bilaterally and/or through an information management center.
- (3) If exchange of information takes place through an information management center as referred to in paragraph (2), Bank Indonesia shall stipulate the



provisions for implementation of exchange of information and provisions regulating the responsibilities of the information management center.

## Article 21

- (1) If an Issuer also acts as Financial Acquirer, the Issuer is not only required to apply risk management as referred to in Article 16 paragraph (1) and paragraph (2), but is also required to apply financial risk controls to guard against loss caused by use of forged cards.
- (2) If an Issuer also acts as Technical Acquirer, the Issuer is not only required to apply risk management as referred to in Article 16 paragraph (1) and paragraph (2), but is also required to apply operational risk management covering at least the following:
  - a. provision of backup system in case of breakdown in the hardware and communications network comprising the responsibility of the Acquirer; and
  - b. provision of backup system for transaction data.
- (3) If an issuer works in cooperation with a Financial Acquirer, the Issuer shall ensure that the Financial Acquirer applies financial risk controls to guard against loss caused by use of forged cards as referred to in paragraph (1).
- (4) If an issuer works in cooperation with a Financial Acquirer, the Issuer shall ensure that the Financial Acquirer has applied operational risk management as referred to in paragraph (2).

Part Two

ATM Cards, Debit Cards, and/or Prepaid Cards

Article 22

- (1) In issuing ATM Cards, Debit Cards, and/or Prepaid Cards, the Issuer shall apply risk management in accordance with the Bank Indonesia provisions concerning risk management.
- (2) In addition to complying with the provisions referred to in paragraph (1), the Issuer shall also apply operational risk management covering at least the following:
  - a. establishment of maximum limits on transaction value;
  - b. establishment of maximum cash withdrawal limit; and
  - c. establishment of the maximum limit stored in the card, in the case of Prepaid Cards.
- (3) Bank Indonesia may stipulate maximum limits on transaction value as referred to in paragraph (2) letter a and maximum limit on stored value in Prepaid Cards as referred to in paragraph (2) letter c.
- (4) Establishment of provisions as referred to in paragraph (3) shall be stipulated in a Circular Letter of Bank Indonesia.

Article 23

- (1) If an Issuer also acts as Financial Acquirer, the Issuer is not only required to apply risk management as referred to in Article 22 paragraph (1) and paragraph (2), but is also required to apply financial risk controls to guard against loss caused by use of forged cards.

(2) If ...

- (2) If an Issuer also acts as Technical Acquirer, the Issuer is not only required to apply risk management as referred to in Article 22 paragraph (1) and paragraph (2), but is also required to apply operational risk management covering at least the following:
  - a. provision of backup system in case of breakdown in the hardware and communications network comprising the responsibility of the Acquirer; and
  - b. provision of backup system for transaction data.
- (3) If an Issuer works in cooperation with a Financial Acquirer, the Issuer shall ensure that the Financial Acquirer applies financial risk management to guard against loss caused by use of forged cards as referred to in paragraph (1).
- (4) If an Issuer works in cooperation with a Financial Acquirer, the Issuer shall ensure that the Financial Acquirer applies operational risk management as referred to in paragraph (2).

#### Article 24

Issuers are required to provide information in writing to Cardholders concerning at least the following:

- a. procedures and use of ATM Card, Debit Card, and/or Prepaid Card, facilities included with the ATM Card, Debit Card, and/or Prepaid Card, and risks that may arise from use of the ATM Card, Debit Card, and/or Prepaid Card;
- b. rights and responsibilities of the Cardholder; and
- c. complaints procedure for issued products and estimated time for dealing with these complaints.

CHAPTER IV  
TERMINATION OF ACTIVITIES BY OPERATOR  
Article 25

- (1) An Operator must notify Bank Indonesia in writing of its intention to terminate activities.
- (2) Notification as referred to in paragraph (1) must be made no less than 1 (one) month prior to the termination of activities by the Operator.

CHAPTER V  
CLEARING AND SETTLEMENT  
Article 26

- (1) If operation of Card-Based Payment Instrument activities requires clearing activity for settlement of the financial rights and obligations of each Issuer and/or Acquirer, the activity shall be operated by Bank Indonesia or another party approved by Bank Indonesia.
- (2) Approval for other party as referred to in paragraph (1) shall be issued for operation of clearing within the territory of the Republic of Indonesia.
- (3) An operator of clearing activities as referred to in paragraph (2) shall submit reports in writing to Bank Indonesia on the operation of the clearing activities.
- (4) In the event that clearing activities as referred to in paragraph (1) are conducted outside the territory of the Republic of Indonesia, the clearing operator shall not require approval from Bank Indonesia, but shall submit written reports to Bank Indonesia on clearing operations insofar as the

operator has a branch office or representative office in the territory of the Republic of Indonesia.

- (5) The procedure for issuing approval to another party as operator of clearing activities as referred to in paragraph (1) and submission of reports as referred to in paragraph (3) and paragraph (4) shall be stipulated in Bank Indonesia regulatory provisions.

#### Article 27

- (1) Settlement of the financial rights and obligations of each Issuer and/or Acquirer as referred to in Article 26 paragraph (1) shall be provided by Bank Indonesia or another party approved by Bank Indonesia.
- (2) Approval for other party as referred to in paragraph (1) shall be issued for operation of settlement of rupiah currency transactions for cards issued by Issuers within the territory of the Republic of Indonesia.
- (3) An operator of settlement activities as referred to in paragraph (2) shall submit reports in writing to Bank Indonesia on the operation of these settlement activities.
- (4) In the event that settlement activities as referred to in paragraph (1) are conducted outside the territory of the Republic of Indonesia, the settlement operator shall not require approval from Bank Indonesia, but shall submit written reports to Bank Indonesia on settlement operations insofar as the operator has a branch office or representative office in the territory of the Republic of Indonesia.
- (5) The procedure for issuing approval to another party as operator of settlement activities as referred to in paragraph (1) and submission of reports as

referred ...

referred to in paragraph (3) and paragraph (4) shall be stipulated in Bank Indonesia regulatory provisions.

## CHAPTER VI SUPERVISION

### Article 28

- (1) Bank Indonesia shall conduct on-site examination and off-site supervision of Operators.
- (2) Supervision as referred to in paragraph (1) shall be conducted on a periodic basis and/or at any time as may be necessary.
- (3) Bank Indonesia may issue orders and/or impose sanctions on the basis of the findings of on-site examination or off-site supervision as referred to in paragraph (1).

### Article 29

- (1) Bank Indonesia may assign another party on behalf of and in the name of Bank Indonesia to conduct on-site examination as referred to in Article 28 paragraph (1).
- (2) For the purposes of on-site examination as referred to in Article 28 paragraph (1), Operators are required to provide:
  - a. information and/or data relevant to the operation of Card-Based Payment Instrument activities;

b. opportunity ...

- b. opportunity for on-site examination of physical facilities and supporting applications relevant to the operation of Card-Based Payment Instrument activities; and/or
- c. other matters as may be necessary.

#### Article 30

For the purposes of off-site supervision as referred to in Article 28 paragraph (1), Operators are required to submit written reports to Bank Indonesia concerning activities conducted in Card-Based Payment Instruments on a periodic basis and/or at any time as may be necessary.

### CHAPTER VII SANCTIONS

#### Article 31

Any Principal failing to comply with the provisions of Article 4 paragraph (2) shall be liable to administrative sanctions in the form of written warning.

#### Article 32

In the event that a Technical Acquirer fails to submit reports as referred to in Article 6 paragraph (4) and/or fails to meet system security testing standards as referred to in Article 6 paragraph (5), Bank Indonesia reserves the right to request the Issuer to terminate cooperation with that Technical Acquirer.

### Article 33

In the event that a Technical Acquirer fails to submit reports as referred to in Article 12 paragraph (4) and/or fails to meet system security testing standards as referred to in Article 12 paragraph (5), Bank Indonesia reserves the right to request the Financial Acquirer to terminate cooperation with that Technical Acquirer.

### Article 34

Any Credit Card Issuer failing to comply with the provisions of Article 15 shall be liable to administrative sanctions in the form of written warning.

### Article 35

- (1) Any Credit Card Issuer failing to apply risk management as referred to in Article 16 paragraph (1), paragraph (2), and paragraph (3) shall be liable to administrative sanctions in the form of written warning.
- (2) A Credit Card Issuer as referred to in paragraph (1) shall apply credit risk management as referred to in Article 16 paragraph (1), paragraph (2), and paragraph (3) no later than 6 (six) months after the date of written warning.
- (3) If the Credit Card Issuer fails to apply the credit risk management within the period referred to in paragraph (2), the Credit Card Issuer shall be liable to sanctions comprising suspension of activities as Credit Card Issuer.



#### Article 36

- (1) Any Issuer failing to comply with the requirement for provision of information as referred to in Article 17 and/or Article 24 shall be liable to administrative sanctions in the form of written warning.
- (2) If within a period of 6 (six) months commencing from the date of the written warning as referred to in paragraph (1), the Issuer still fails to comply with the requirement for provision of information as referred to in Article 17 and/or Article 24, the Issuer shall be liable to administrative sanctions in the form of a second written warning.
- (3) If within a period of 6 (six) months commencing from the date of the second written warning as referred to in paragraph (2), the Issuer still fails to comply with the requirement for provision of information as referred to in Article 17 and/or Article 24, the Issuer shall be liable to administrative sanctions in the form of a third written warning.
- (4) If within a period of 6 (six) months commencing from the date of the third written warning as referred to in paragraph (3), the Issuer still fails to comply with the requirement for provision of information as referred to in Article 17 and/or Article 24, the Issuer shall be liable to sanctions comprising the suspension of activities as Issuer.

#### Article 37

- (1) Any Credit Card Issuer failing to comply with the provisions for calculation of interest and/or penalties as referred to in Article 18 shall be liable to administrative sanctions in the form of written warning.

- (2) A Credit Card Issuer as referred to in paragraph (1) shall comply with the provisions for calculation of interest and/or penalties as referred to in Article 18 no later than 6 (six) months after the date of written warning.
- (3) If the Credit Card Issuer fails to comply with the provisions for calculation of interest and/or penalties within the period referred to in paragraph (2), the Credit Card Issuer shall be liable to sanctions comprising suspension of activities as Credit Card Issuer.

#### Article 38

- (1) Any Credit Card Issuer failing to comply with the provisions of Article 19 shall be liable to administrative sanctions in the form of written warning.
- (2) If within a period of 6 (six) months commencing from the date of the written warning as referred to in paragraph (1), the Credit Card Issuer still fails to comply with the provisions of Article 19, the Credit Card Issuer shall be liable to administrative sanctions in the form of a second written warning.
- (3) If within a period of 6 (six) months commencing from the date of the second written warning as referred to in paragraph (2), the Credit Card Issuer still fails to comply with the provisions of Article 19, the Credit Card Issuer shall be liable to sanctions comprising suspension of activities as Credit Card Issuer.

#### Article 39

- (1) Any Credit Card Issuer failing to comply with the requirement for exchange of information as referred to in Article 20 paragraph (1) shall be liable to administrative sanctions in the form of written warning.
- (2) A Credit Card Issuer as referred to in paragraph (1) shall comply with the provisions concerning the requirement for exchange of information as referred to in Article 20 paragraph (1) no later than 6 (six) months after the date of written warning.
- (3) If within the period referred to in paragraph (2), the Credit Card Issuer fails to comply with the requirement for exchange of information, the Credit Card Issuer shall be liable to sanctions comprising suspension of activities as Credit Card Issuer.

#### Article 40

- (1) Any Credit Card Issuer failing to comply with the provisions referred to in Article 21 shall be liable to administrative sanctions in the form of written warning.
- (2) A Credit Card Issuer as referred to in paragraph (1) shall comply with the provisions referred to in Article 21 no later than 6 (six) months after the date of written warning.
- (3) If within the period referred to in paragraph (2), the Credit Card Issuer fails to comply with the provisions referred to in Article 21, the Credit Card Issuer shall be liable to sanctions comprising suspension of activities as Credit Card Issuer, Financial Acquirer, and/or Technical Acquirer.

#### Article 41

- (1) Any Issuer of ATM Cards, Debit Cards, and/or Prepaid Cards failing to apply risk management as referred to in Article 22 paragraph (1) and paragraph (2) shall be liable to administrative sanctions in the form of written warning.
- (2) An Issuer of ATM Cards, Debit Cards, and/or Prepaid Cards as referred to in paragraph (1) shall apply risk management as referred to in Article 22 paragraph (1) and paragraph (2) no later than 6 (six) months after the date of written warning.
- (3) If the Issuer of ATM Cards, Debit Cards, and/or Prepaid Cards fails to apply risk management within the period referred to in paragraph (2), the Issuer of ATM Cards, Debit Cards, and/or Prepaid Cards shall be liable to sanctions comprising suspension of activities as Issuer of ATM Cards, Debit Cards, and/or Prepaid Cards.

#### Article 42

- (1) Any Issuer of ATM Cards, Debit Cards, and/or Prepaid Cards failing to comply with the provisions referred to in Article 23 shall be liable to administrative sanctions in the form of written warning.
- (2) An Issuer of ATM Cards, Debit Cards, and/or Prepaid Cards as referred to in paragraph (1) shall comply with the provisions referred to in Article 23 no later than 6 (six) months after the date of written warning.
- (3) If the Issuer of ATM Cards, Debit Cards, and/or Prepaid Cards fails comply with the provisions referred to in Article 23 within the period referred to in

paragraph (2) ...

paragraph (2), the Issuer of ATM Cards, Debit Cards, and/or Prepaid Cards shall be liable to sanctions comprising the suspension of activities as Issuer, Financial Acquirer, and/or Technical Acquirer of ATM Cards, Debit Cards, and/or Prepaid Cards.

#### Article 43

Any Operator failing to provide information, data, and other matters necessary for the purposes of supervision, and/or failing to provide opportunity to supervisors to conduct supervision as referred to in Article 29 paragraph (2), shall be liable to sanctions in the form of suspension of activities as Operator.

#### Article 44

Any Operator failing to submit reports as referred to in Article 30 after the deadline for submission of reports shall be liable to administrative sanctions in the form of written warning and a financial penalty of Rp 100,000 (one hundred thousand rupiahs) per day of delay up to a maximum penalty of Rp 5,000,000 (five million rupiahs).

#### Article 45

Any Bank or Non-Bank Institution failing to comply with the provisions referred to in Article 51 shall be liable to sanctions in the form of suspension of activities as Operator.

Article 46

Any Bank or Non-Bank Institution conducting activities in clearing and/or settlement prior to the enactment of this Bank Indonesia Regulation and failing to comply with the provisions referred to in Article 52 shall be liable to sanctions in the form of written warning.

CHAPTER VIII

MISCELLANEOUS PROVISIONS

Article 47

Operators shall be collectively required to participate actively in eradication of crime in use of Card-Based Payment Instruments.

Article 48

The operation of Card-Based Payment Instrument activities by sharia Banks is subject to this Bank Indonesia Regulation while notwithstanding upholding the applicable sharia principles.

Article 49

Rural Banks may operate Card-Based Payment Instrument activities insofar as the regulations governing Rural Banks permit Rural Banks to conduct Card-Based Payment Instrument activities.

Article 50

The instructions for implementation of this Bank Indonesia Regulation shall be stipulated further in a Circular Letter of Bank Indonesia.

CHAPTER IX  
TRANSITIONAL PROVISIONS

Article 51

- (1) Any Bank or Non-Bank Institution having conducted Card-Based Payment Instrument activities prior to the enactment of this Bank Indonesia Regulation may continue to conduct these activities and shall report these activities to Bank Indonesia in accordance with the procedures, reporting deadlines, and types of reports to be stipulated in a Circular Letter of Bank Indonesia.
- (2) A Bank or Non-Bank Institution as referred to in paragraph (1) shall comply with the obligations referred to in Chapter III concerning Operation of Activities within a period of 1 (one) year commencing from the date of enactment of this Bank Indonesia Regulation.

Article 52

Any Bank or Non-Bank Institution having conducted clearing activities and/or settlement of Card-Based Payment Instrument activities prior to the enactment of this Bank Indonesia Regulation may continue to conduct these activities and shall report these activities to Bank Indonesia in accordance with the procedures,

reporting deadlines, and types of reports to be stipulated further in Bank Indonesia regulatory provisions.

CHAPTER X  
CONCLUDING PROVISIONS

Article 53

This Bank Indonesia Regulation shall come into force on the date of its enactment.

Enacted in Jakarta

Dated December 28, 2004

THE GOVERNOR OF BANK INDONESIA,

BURHANUDDIN ABDULLAH

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 166 OF  
2004

DASP



ELUCIDATION  
TO  
BANK INDONESIA REGULATION  
NUMBER: 6/30/PBI/2004  
CONCERNING  
OPERATION OF CARD-BASED PAYMENT INSTRUMENT ACTIVITIES

GENERAL REVIEW

Under the implementation of Act Number 23 of 1999 concerning Bank Indonesia as amended by Act Number 3 of 2004, specifically in regard to the tasks of Bank Indonesia in regulating and ensuring the smooth operation of the payment system, the powers of Bank Indonesia include but are not limited to the provision of and issuance of approvals and licenses for operation of payment system services and the power to require operators of payment system services to submit reports of their activities. Approval or licensing from Bank Indonesia for the operation of these payment system services is needed to ensure that the operation of payment system services meets requirements, particularly in regard to security and efficiency. Added to this, the requirement for operators of payment system services to submit reports on their activities is intended to enable Bank Indonesia to supervise the operation of payment system services. In addition, the information obtained from the operation of payment system services is necessary for other tasks incumbent on Bank Indonesia in the areas of monetary control and banking regulation and supervision.

Over the years, there has been steady expansion in number of transactions and volume of Card-Based Payment Instrument activities, which represent part of the overall national payment system. The escalating number and volume of

transactions ...

transactions has also been matched by significant rise in Card-Based Payment Instrument crimes. In this regard, it is necessary for Bank Indonesia to enact the Bank Indonesia Regulation concerning the Operation of Card-Based Payment Instrument Activities to improve the security and smooth operation of Card-Based Payment Instrument Activities.

In addition, this Bank Indonesia Regulation is also aimed at promoting advancement in the Card-Based Payment Instrument industry and ensuring that Operators in these activities consistently apply prudential principles in their operations and protect the interests of their customers at all times.

The regulatory scope of this Bank Indonesia Regulation covers aspects of payment system regulation that include regulation of clearing and settlement of card-based payments, consumer protection, supervision, and prudential regulation. The implementation of prudential regulations in this Bank Indonesia Regulation is of particular importance given that Card-Based Payment Instrument activities and especially Credit Cards involve high-risk lending. While lending in general terms is regulated in the Guidelines for Formulation of Bank Credit Policy (PPKPB), on the basis of the above considerations there is still a need for detailed prudential regulation of lending through use of Credit Cards in view of the following:

1. lending through use of Credit Cards is generally conducted on the basis of minimum financial information from prospective Cardholders. However, under the prudential principles stipulated in the Guidelines for Formulation of Bank Credit Policy, lending without adequate financial information is categorized as “credit to be avoided”.
2. lending through use of Credit Cards is customarily handled by a Credit Card division existing separately from the division for general credit, and therefore this regulation is also intended to ensure that a Credit Card

division ...

division existing separately from the division for general credit also applies risk management in lending through use of Credit Cards.

The prudential regulations are to be implemented on the basis of the risk management approach, and therefore Bank Indonesia has not stipulated any specific rigid criteria for issuance of credit cards, such as minimum income limit, maximum credit limit, and limit on number of cards that may be held by a Cardholder. In this regard, Bank Indonesia requires Credit Card Issuers to establish their own criteria commensurate to the risk appetite of the individual Issuer. Nevertheless, this does not exclude the possibility that Bank Indonesia could regulate these areas in the future under such conditions as high levels of bad Credit Card debt deemed to be endangering the overall payment system.

Under this Bank Indonesia Regulation, each Credit Card Issuer is required to exchange Cardholder information and data with all other issuers within the scope of the negative list and/or positive list. This provision is intended to support measures to strengthen the prudence of Credit Card Issuers in extending Credit Card facilities to prospective Cardholders. Availability of true and accurate information on prospective Cardholders will enable Issuers to perform accurate analysis of prospective Cardholders, and this will help mitigate risks in issuance of credit cards and particularly risks arising from non-performing Cardholders.

This Bank Indonesia Regulation concerning Operation of Card-Based Payment Instrument Activities applies to Card-Based Payment Instrument activities whether conducted by Banks or Non-Bank Entities. This is intended to ensure equal application of regulatory provisions to all operators of Card-Based Payment Instrument activities and thus foster a climate of fair competition.

## ARTICLE BY ARTICLE

### Article 1

Self-explanatory

### Article 2

Self-explanatory

### Article 3

Self-explanatory

### Article 4

Self-explanatory

### Article 5

Self-explanatory

### Article 6

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3)

Letter a

Number 1)

Self-explanatory

Number 2) ...

Number 2)

Self-explanatory

Number 3)

Readiness of legal instruments in this article includes but is not limited to the agreement between the Issuer and the Principal, regulation of the rights and obligations of the parties on a general basis and in special cases, such as regulation of the rights and obligations of the Issuer, Principal, Acquirer, and Cardholders, and the procedure for resolution of disputes arising among the parties.

Number 4)

Management risk in this article includes but is not limited to management of liquidity risk, management of credit risk, and management of operational risk.

Number 5)

Evidence of operational readiness in this article includes but is not limited to:

1. planned organizational structure and preparation of human resources;
2. planned equipment and business facilities.

Letter b

Number 1)

Self-explanatory

Number 2)

Self-explanatory

Number 3) ...

Number 3)

Readiness of legal instruments in this article includes but is not limited to the agreement between the Issuer and the Principal, regulation of the rights and obligations of the parties, such as regulation of the rights and obligations of the Issuer, Principal, Acquirer, and Cardholders, and the procedure for resolution of disputes arising among the parties.

Number 4)

Management risk in this article includes but is not limited to management of liquidity risk, management of credit risk, and management of operational risk.

Number 5)

Evidence of operational readiness in this article includes but is not limited to:

1. planned organizational structure and preparation of human resources;
2. planned equipment and business facilities.

Paragraph (4)

Self-explanatory

Paragraph (5)

Self-explanatory

Article 7

Self-explanatory

Article 8

Self-explanatory

Article 9

Self-explanatory

Article 10

Self-explanatory

Article 11

Self-explanatory

Article 12

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3)

Letter a

Number 1)

Self-explanatory

Number 2)

Self-explanatory

Number 3)

Readiness of legal instruments in this article includes but is not limited to the agreement between the Financial Acquirer and the Issuer and/or merchants of

goods ...

goods and/or services, regulation of the rights and obligations of the parties such as regulation of the rights and obligations of the Financial Acquirer, Issuer, and/or merchants of goods and/or services, and the procedure for resolution of disputes arising among the parties.

Number 4)

Management risk in this article includes but is not limited to management of liquidity risk, management of credit risk, and management of operational risk.

Number 5)

Evidence of operational readiness in this article includes but is not limited to:

1. planned organizational structure and preparation of human resources;
2. planned place of business.

Letter b

Number 1)

Self-explanatory

Number 2)

Self-explanatory

Number 3)

Readiness of legal instruments in this article includes but is not limited to the agreement between the Financial Acquirer and the Issuer and/or merchant of goods and/or services, regulation of the rights and

obligations ...



obligations of the parties such as regulation of the rights and obligations of the Financial Acquirer, and/or merchant of goods and/or services, and the procedure for resolution of disputes arising among the parties.

Number 4)

Management risk in this article includes but is not limited to management of liquidity risk, management of credit risk, and management of operational risk.

Number 5)

Evidence of operational readiness in this article includes but is not limited to:

1. planned organizational structure and preparation of human resources;
2. planned place of business.

Paragraph (4)

Self-explanatory

Paragraph (5)

Self-explanatory

Article 13

Self-explanatory

Article 14

Self-explanatory

Article 15

Self-explanatory

## Article 16

### Paragraph (1)

The Bank Indonesia provisions regulating risk management include but are not limited to the Bank Indonesia Regulation concerning Application of Risk Management and all regulations for its implementation.

### Paragraph (2)

Management of credit risk in this article shall be set forth in written documented form.

### Paragraph (3)

Management of credit risk in this article means, for example, requiring Cardholders to provide a guarantee deposit.

### Paragraph (4)

Self-explanatory

### Paragraph (5)

Self-explanatory

## Article 17

Self-explanatory

## Article 18

Self-explanatory

## Article 19

Facilities with impact in additional costs in this article include but are not limited to insurance schemes and issuance of supplementary Credit Cards. Other facilities outside the Credit Card function in this article include but are not limited to facilities for Cardholders holding an account with the

Issuer with the effect that the Credit Card may also function as a Debit Card.

#### Article 20

##### Paragraph (1)

Self-explanatory

##### Paragraph (2)

Information management center in this paragraph includes but is not limited to credit bureau.

##### Paragraph (3)

Self-explanatory

#### Article 21

Self-explanatory

#### Article 22

##### Paragraph (1)

The Bank Indonesia provisions regulating risk management include but are not limited to the Bank Indonesia Regulation concerning Application of Risk Management and all regulations for its implementation.

##### Paragraph (2)

Self-explanatory

##### Paragraph (3)

Self-explanatory

##### Paragraph (4)

Self-explanatory

Article 23

Self-explanatory

Article 24

Self-explanatory

Article 25

Self-explanatory

Article 26

Self-explanatory

Article 27

Self-explanatory

Article 28

Self-explanatory

Article 29

Self-explanatory

Article 30

Self-explanatory.

Article 31

Self-explanatory

Article 32

Self-explanatory

Article 33

Self-explanatory

Article 34

Self-explanatory

Article 35

Self-explanatory

Article 36

Self-explanatory

Article 37

Self-explanatory

Article 38

Self-explanatory

Article 39

Self-explanatory

Article 40

Self-explanatory

Article 41 ...

Article 41

Self-explanatory

Article 42

Self-explanatory

Article 43

Self-explanatory

Article 44

Self-explanatory

Article 45

Self-explanatory

Article 46

Self-explanatory

Article 47

Self-explanatory

Article 48

“Sharia principles” in this article are defined as sharia principles as stipulated in the Laws of the Republic of Indonesia concerning banking and all provisions for their implementation.

Article 49

Self-explanatory

Article 50

Provisions stipulated in a Circular Letter of Bank Indonesia include but are not limited to provisions concerning:

- a. procedures for operation of Card-Based Payment Instrument activities by Banks or Non-Bank Institutions;
- b. procedures for on-site examination and off-site supervision;
- c. reporting procedure and types of reports;
- d. reporting deadlines;
- e. procedures and categories of information that may be exchanged within the framework of information exchange; and
- f. procedure for termination of brand use agreement by Principal.

Article 51

Self-explanatory

Article 52

Self-explanatory

Article 53

Self-explanatory